

**ORDER NO. 80060**

IN THE MATTER OF THE  
APPLICATION OF DELMARVA  
POWER AND LIGHT COMPANY FOR  
AUTHORITY TO INTRODUCE RIDER  
“S” – STANDBY SERVICE UNDER ITS  
RETAIL ELECTRIC SERVICE TARIFF.

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

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CASE NO. 8975  
PHASE II

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**Background**

Delmarva Power and Light Company (“DPL” or “Company”) filed an Application for authority to introduce Rider “S” – Standby Service on August 20, 2003. The Company stated that it filed Rider “S” to “provide for a standby service, to reflect PJM and Company requirements for interconnected operation of the generator, and to reflect the costs that the Company incurs in having distribution facilities ‘standing by’ and available to provide the customer’s full load requirements even when the customer’s generator is not operating.”<sup>1</sup>

On December 1, 2003, the Public Service Commission (“Commission”) issued Order No. 78809, which concluded Phase I of these proceedings. In that order the Commission determined that the proposed Schedule “S” tariff was appropriate for filing and that the case should proceed. Thereafter, the Commission held a pre-hearing conference and issued a Notice of Procedural Schedule in Phase II. The schedule was

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<sup>1</sup> Cover letter to Company Application. Docket No. 1.

subsequently suspended upon the request of the parties after they notified the Commission of a pending settlement.

On March 17, 2005, DPL, the Staff of the Public Service Commission (“Staff”), Old Dominion Electric Cooperative (“ODEC”), and CED Rock Springs, LLC (“CEDRS”), (collectively “Settling Parties”) filed an Agreement of Stipulation and Settlement (“Settlement”) with the Commission.<sup>2</sup> The Settlement provides, among other things, that: the direct testimony and exhibits of DPL witness Bumgarner (filed February 23, 2004) shall be admitted into evidence; Mr. Bumgarner’s testimony shall be revised to make Rider “S” not applicable to customer’s generators whose self-generated power does not exceed 60 kilowatts; there are twenty percent reductions to the energy (kWh) charges and billing demand (kW) charges from those originally filed; a “Grandfather” provision is included<sup>3</sup>; during the distribution rate cap period DPL agrees not to impose Rider “S” or any other standby service charge on the Rock Springs generation facility.<sup>4</sup> However, ODEC and CEDRS, the owners of the Rock Springs generation facility, do not agree that Rider “S” or any other standby service charge should apply now or in the future to the Rock Springs facility.

On May 6, 2005, the Company filed the testimony of J. Reed Bumgarner, Manager – Pricing for PHI Service Company, in support of the Settlement.<sup>5</sup> He notes

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<sup>2</sup> The Settlement is Docket No. 35.

<sup>3</sup> DPL notes that it does not know of any existing customer who would be subject to Rider “S.” Settlement paragraph 6.

<sup>4</sup> The distribution rate cap period ends December 31, 2006.

<sup>5</sup> DPL is an affiliate of PHI Service Company.

that the Settlement modifies the provisions of the proposed Rider “S” – Standby Service tariff that was attached to his original testimony. Mr. Bumgarner states that while Rider “S” applies to any new or existing customer who installs or operates on site generation after May 1, 2004, and qualifies under the Applicability paragraph as modified by the Settlement, that the Settlement also incorporates a grandfather clause. Additionally, the Settlement prescribes a “minor” modification to Schedule GS-T to replace the distribution demand charge with a customer charge. The modified Rider “S” tariff is attached to Mr. Bumgarner’s testimony in support of the Settlement as DPL Exhibit JRB-3.

Mr. Bumgarner notes that the Settlement represents a compromise by parties with divergent interests and avoids the time and expense of litigation. Additionally, the rights of all parties are preserved to present their positions regarding standby service in future proceedings. For these reasons Mr. Bumgarner concludes that the Settlement is in the public interest.

On May 23, 2005, the Commission held an evidentiary hearing in this matter. An evening hearing was held on June 6, 2005, to receive public comments. No one testified in opposition to the Settlement and no party opposed Mr. Bumgarner’s testimony in support of the Settlement.

### **Decision**

The Commission finds that the uncontested Settlement should be accepted. As the Settling Parties note, it represents a compromise of divergent interests. There is a presumption of reasonableness in such situations and the Commission finds that the

Settlement is in fact reasonable in this case. The Settlement resolves all issues among the parties during the rate cap period while preserving their rights to address standby service issues thereafter. The Commission finds this resolution is appropriate in a changing regulatory climate. In the meantime, DPL will have in place an appropriate standby service tariff. Therefore, it is approved.

**IT IS THEREFORE**, this 22<sup>nd</sup> day of June, in the year Two Thousand and Five,  
by the Public Service Commission of Maryland,

**ORDERED:** (1) The Agreement of Stipulation and Settlement is approved;

(2) Delmarva Power and Light Company shall file revised tariff  
pages for Rider “S” as required by the Settlement.

(3) That all motions not granted herein are denied.

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Harold D. Williams  
Commissioner, Panel Chairman

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J. Joseph Curran, III  
Commissioner

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Dennis H. Sober  
Hearing Examiner

